

## Message Text

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PAGE 01 TEGUCI 00195 152114Z

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

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PA-01 PRS-01 SP-02 SS-15 USIA-06 NIC-01 /068 W

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R 151644Z JAN 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 9047

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

C O N F I D E N T I A L TEGUCIGALPA 0195

E.O. 11652: GDS

TAGS: PINT, ELAB, HO

SUBJECT: CONVERSATION WITH LABMIN GAUTAMA FONSECA

REF: TEGUCIGALPA 5479

1. POLOFFS CALLED ON LABMIN FONSECA JANUARY 14 TO HEAR HIS VIEWS ON THE NEW AGRARIAN LAW AND THE GENERAL POLITICAL SITUATION. THE MINISTER IS PLEASED WITH THE NEW LAW AND COMMENTED THAT A COMMISSION COMPOSED OF REPRESENTATIVES OF THE NATIONAL AGRARIAN INSTITUTE AND SEVERAL MINISTRIES IS CURRENTLY WORKING ON THE BODY OF REGULATIONS THROUGH WHICH THE LAW IS TO BE ENFORCED. ACCORDING TO FONSECA, THE SUPERIOR DEFENSE COUNCIL MADE VERY FEW CHANGES IN THE DRAFT LAW BUT ADDED SEVERAL NEW ELEMENTS. HE REGARDS THE NEW LAW AS AN IMPROVEMENT OVER THE 1962 LEGISLATION AND IS SURE IT WILL RESULT IN FUNDAMENTAL CHANGES IN LAND TENANCY IN HONDURAS.

2. WHEN ASKED TO COMMENT ON POSSIBLE CABINET CHANGES FONSECA REPLIED HE HAD HEARD VARIOUS RUMORS, AND SAID CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TEGUCI 00195 152114Z

THAT HE THOUGHT CHANGES WOULD BE FORTHCOMING IN THE

NEAR FUTURE. FONSECA SAID THAT HE SAW TWO POSSIBLE REASONS FOR SUCH CHANGES -- TO OVERCOME GOVERNMENTAL INERTIA AND TO IMPEL CHANGE OR TO IMPROVE RELATIONSHIPS WITH THE PRIVATE SECTOR BY REMOVING THOSE MINISTERS WHO ARE ACCUSED OF BEING "POPULISTS." HE DISCOUNTED THE POSSIBILITY THAT MANY MILITARY MEN WOULD ENTER THE CABINET SINCE THE MILITARY HAS FEW PROFESSIONALS AND BECAUSE THE COUNTRY'S REAL POSITIONS OF POWER ARE IN THE SUPERIOR DEFENSE COUNCIL.

3. TURNING TO THE QUESTION OF THE "MIXED ENTERPRISE" CONCEPT FOR THE PRODUCTION AND MARKETING OF BANANAS, FONSECA AGAIN EXPRESSED HIS OPPOSITION TO THE IDEA ON THE GROUND THAT SUCH AN ARRANGEMENT WOULD BE PREJUDICIAL TO WORKERS' INTERESTS. HE IS CONVINCED THAT LOCAL ENTERPRISES COULD NOT AFFORD THE BENEFITS AND HIGH WAGES CURRENTLY PAID BY THE AMERICAN FRUIT COMPANIES. WHEN ASKED IF THE MINISTRY IS GOING TO REFUSE STANDARD FRUIT'S APPLICATION FOR A SUSPENSION OF WORKERS (DATING FROM HURRICANE FIFI), HE REPLIED THAT STUDIES WERE STILL UNDERWAY AND THAT THE APPLICATION WOULD BE DENIED "IN PART."

4. COMMENT: FONSECA CLEARLY EXPECTS SOME CHANGES TO BE MADE IN THE CABINET IN ADDITION TO THE TWO MINISTRY POSITIONS NEW VACANT. HE DOES NOT BELIEVE THAT LOPEZ WILL CALL FOR A COMPLETE CABINET OVERHAUL. IN THAT REGARD, HE FEELS THAT LOPEZ IS A "MANAGER" ACTING ON INSTRUCTIONS OF THE SUPERIOR DEFENSE COUNCIL RATHER THAN AS A COMPLETELY INDEPENDENT AGENT ABLE TO SET POLICIES WITHOUT REFERENCE TO THE MILITARY ESTABLISHMENT.

5. HIS ANGER AT STANDARD FRUIT HAS APPARENTLY SUBSIDED TO A GREAT DEGREE AND HE NO LONGER SEEKS DETERMINED TO TEACH THE COMPANY A LESSON BY COMPLETELY DENYING ITS APPLICATION FOR A SUSPENSION OF WORK. FONSECA APPEARS HEALTHY AND SAYS HE HAS RECOVERED FROM HIS STILL UNDETERMINED LIVER AILMENT.  
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